

**MOSQUITO ABATEMENT DISTRICT**  
**OF THE PARISH OF LIVINGSTON**

**REPORT ON AUDIT OF COMPONENT**  
**UNIT FINANCIAL STATEMENTS**

**DECEMBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-18-07

## **CONTENTS**

Independent Auditor's Report.....	Page 1 - 2
Required Supplemental Information Management's Discussion and Analysis.....	3 - 6
Government-Wide Financial Statements:	
Statement of Net Assets.....	7
Statement of Activities .....	8
Fund Financial Statements:	
Balance Sheet - Governmental Fund.....	9
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets.....	10
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund.....	11 - 12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund.....	14 - 15
Notes to the Financial Statements.....	16 - 26
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Component Unit Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	27 - 28
Schedule of Findings and Questioned Costs.....	29 - 30
Summary Schedule of Prior Audit Findings.....	31 - 37



Randy J. Bonneau, CPA\*  
Joseph D. Richard, Jr., CPA\*  
Ronnie E. Stamper, CPA\*  
Fernand P. Genre, CPA\*  
Stephen M. Huggins, CPA\*  
Monica L. Zumo, CPA\*  
Ronald L. Gagnet, CPA\*  
Douglas J. Nelson, CPA\*  
Celeste D. Viator, CPA\*  
Laura E. Monroe, CPA\*  
R. David Wascom, CPA\*

\*A Professional Accounting Corporation

1175 Del Este Avenue, Suite B  
Denham Springs, LA 70726  
Phone: (225) 665-8297  
Fax: (225) 667-3813

Members American Institute of  
Certified Public Accountants

2322 Tremont Drive  
Baton Rouge, LA 70809

[www.htbcpa.com](http://www.htbcpa.com)

June 6, 2007

### INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Mosquito Abatement District  
of the Parish of Livingston  
Livingston Parish Council  
Denham Springs, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund information of the Mosquito Abatement District of the Parish of Livingston "the District" (a component unit of the Livingston Parish Council), as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Mosquito Abatement District of the Parish of Livingston as of December 31, 2006, and the budgetary comparison for the General Fund, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Mosquito Abatement District  
of the Parish of Livingston

In accordance with Government Auditing Standards, we have also issued a report dated June 6, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages three through six is not a required part of the basic financial statement but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

*Harris J. Bougeois, CPA*

# **MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

As management of the Mosquito Abatement District of the Parish of Livingston (the District), we are providing this narrative overview and analysis of the financial activities of the District as of December 31, 2006. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

### **Financial Highlights**

The minimum requirements for financial reporting on the Mosquito Abatement District of the Parish of Livingston's office that was established by GASB No. 34 are divided into the following sections"

- A. *Management's Discussion and Analysis*
- B. *Basic Financial Statements*
- C. *Required Supplementary Information (other than MD&A)*

### **Basic Financial Statements**

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The financial statements in this section are divided into the two following types:

1. Government-Wide Financial Statements, include Comparative Statements of Net Assets and Comparative Statements of Activities. These statements present financial information for all activities of the District from an economic resources measurement focus using the accrual basis of accounting and providing both short-term and long-term information about the District's overall financial status.
2. Fund Financial Statements include Comparative Balance Sheets and Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances for the general fund (a governmental fund). These financial statements present information on the individual fund of the District allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements is dependent on the fund type. The District's only governmental fund is the general fund. The statements in this section represent the short-term financing of general government.

**MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

**Financial Analysis of the Entity**

**Summary Statement of Net Assets  
December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets:</b>		
Current and Other Assets	\$1,944,204	\$1,381,780
Capital Assets (Net of Depreciation)	<u>151,588</u>	<u>167,863</u>
Total Assets	<u>\$2,095,792</u>	<u>\$1,549,643</u>
<b>Liabilities:</b>		
Current Liabilities	\$ 8,184	\$ 10,965
Long-Term Liabilities	<u>2,619</u>	<u>959</u>
Total Liabilities (Due within One Year)	<u>\$ 10,803</u>	<u>\$ 11,924</u>
<b>Net Assets:</b>		
Invested in Capital Assets	\$ 151,588	\$ 167,863
Unrestricted	<u>1,933,401</u>	<u>1,369,856</u>
Total Net Assets	<u>\$2,084,989</u>	<u>\$1,537,719</u>

The District does not have any "restricted" net assets. It does have "unrestricted" net assets, and those are net assets that do not have any limitations on what these amounts may be used for.

Net assets of the district increased by \$547,270 or 35.6%, from December 31, 2005 to December 31, 2006. A smaller increase was seen during 2006, than in the previous year, due to the fact that we were operational for the entire year. There was still a substantial increase because the District was understaffed much of the year due to the difficulty in hiring personnel.

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2006

### Condensed Statement of Revenues, Expenditures and Changes in Fund Balance For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Abatement Fees	\$ 1,103,299	\$ 837,680
Grant Revenue	3,680	916,520
Investment Income	33,899	2,900
Miscellaneous Income	<u>225</u>	<u>-</u>
Total Revenues	1,141,103	1,757,100
Expenditures	<u>608,179</u>	<u>1,216,152</u>
Net Change in Fund Balance	532,924	540,948
Fund Balances - Beginning of Year	<u>1,356,274</u>	<u>815,326</u>
Fund Balances - End of Year	<u>\$ 1,889,198</u>	<u>\$ 1,356,274</u>

The District's total revenues decreased by \$615,997, or 35%. While there was a substantial increase in revenue received from abatement fees, \$265,619, only \$3,680 was received in grant monies during 2006. Expenditures were \$607,973 less during 2006 due to two factors. First, the District did not incur the cost of aerial spraying as we had following the hurricanes of 2005, and second, since all the vehicles and equipment had been purchased in 2005, there was very little to purchase in 2006.

### **Capital Asset and Debt Administration**

#### Capital Assets

The District invested \$151,588 in vehicles, equipment and facilities improvements. This amount reflects the original investment, less accumulated depreciation.

#### Debt

The District had no debt outstanding at year end. However, the District had long term liabilities totaling \$2,619, all of which was accrued annual leave outstanding at year end.

# **MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

### **Variations Between Original and Final Budgets**

Final amended budgeted revenues were increased by \$211,200. Abatement fees were increased by \$195,000. The abatement fees were increased due to higher collections than were originally expected. Other increases were \$12,500 for interest income and \$3,700 in miscellaneous income.

Final amended budgeted expenditures were decreased by \$116,980. The largest decrease in expenditures was caused by a decrease in capital outlay of \$86,200. Please refer to the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund found on pages 14-15 for a more detailed analysis of these differences.

### **Economic Factors and Next Year's Budgets and Rates**

The District considered the following factors and indicators when setting up next year's budget. These factors and indicators include: (1) all costs associated with fighting and detecting the West Nile Virus in Livingston parish; (2) assessment revenue; (3) increase in the number of personnel to provide a fully operational program; (4) addition of three vehicles and associated necessary equipment; (5) increased costs for fuel and chemicals; and the need for erecting a facility for housing vehicles and safely handling chemicals and associated waste water. Barring any unforeseen events, the District currently expects that next year's revenues, along with monies from the fund balance will be sufficient to cover its expenses.

### **Contacting the Mosquito District**

This financial report is designed to provide the citizens, taxpayers and creditors with a general overview of the District's finances, and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Ms Jeanine Tessmer, Director of the mosquito district at 8393 Florida Blvd., Denham Springs, LA or by telephone, 225-791-5061.



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## STATEMENT OF NET ASSETS

DECEMBER 31, 2006  
(With Comparative Totals as of December 31, 2005)

### ASSETS

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Cash and Cash Equivalents	\$ 445,561	\$ 448,985
Investments (Certificates of Deposit - Maturity Greater Than 90 Days)	614,250	-
Abatement Fees Receivable	822,394	841,734
Due From Other Governments	-	30,699
Other Receivables	7,132	1,476
Prepaid Expenses	46,822	14,541
Inventory	7,700	44,000
Deposits	345	345
Capital Assets (Net of Accumulated Depreciation)	<u>151,588</u>	<u>167,863</u>
Total Assets	<u>\$ 2,095,792</u>	<u>\$ 1,549,643</u>

### LIABILITIES

Accounts Payable	\$ 2,667	\$ 2,632
Accrued Payroll	5,517	4,688
Payroll Taxes Payable	-	3,645
Long-Term Liabilities Due Within One Year	<u>2,619</u>	<u>959</u>
Total Liabilities	10,803	11,924

### NET ASSETS

Investment in Capital Assets	151,588	167,863
Unrestricted	<u>1,933,401</u>	<u>1,369,856</u>
Total Net Assets	<u>2,084,989</u>	<u>1,537,719</u>
Total Liabilities and Net Assets	<u>\$ 2,095,792</u>	<u>\$ 1,549,643</u>

The accompanying notes constitute an integral part of this statement.

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2006  
(With Comparative Totals For The Year Ended December 31, 2005)

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
<b>Governmental Activities:</b>		
<b>Expenses:</b>		
Public Health and Safety:		
Salaries, Fees Paid and Benefits	\$ 248,875	\$ 94,165
Operating Services	312,947	930,289
Depreciation	<u>32,011</u>	<u>10,253</u>
Total Expenses	593,833	1,034,707
 <b>Program Revenues:</b>		
Grants	<u>3,680</u>	<u>916,520</u>
Net Program Expense	590,153	118,187
 <b>General Revenues:</b>		
Abatement Fees	1,103,299	837,680
Interest Income	33,899	2,900
Miscellaneous Income	<u>225</u>	<u>-</u>
Total General Revenues	<u>1,137,423</u>	<u>840,580</u>
Change in Net Assets	547,270	722,393
 Net Assets - Beginning of Year	<u>1,537,719</u>	<u>815,326</u>
Net Assets - End of Year	<u>\$ 2,084,989</u>	<u>\$ 1,537,719</u>

The accompanying notes constitute an integral part of this statement.

## FUND FINANCIAL STATEMENTS

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## BALANCE SHEET - GOVERNMENTAL FUND

DECEMBER 31, 2006  
(With Comparative Totals as of December 31, 2005)

### ASSETS

	Governmental Funds	
	2006	2005
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 445,561	\$ 448,985
Investments (Certificates of Deposit - Maturity Greater Than 90 days)	614,250	-
Abatement Fees Receivable	822,394	841,734
Due From Other Governments	-	30,699
Other Receivables	7,132	1,476
Inventory	7,700	44,000
Deposits	345	345
Total Assets	\$ 1,897,382	\$ 1,367,239

### LIABILITIES AND FUND BALANCES

<b>Liabilities:</b>		
Accounts Payable	\$ 2,667	\$ 2,632
Accrued Payroll	5,517	4,688
Payroll Taxes Payable	-	3,645
Total Liabilities	8,184	10,965
<b>Fund Balance:</b>		
Reserved	7,700	44,000
Unreserved	1,881,498	1,312,274
Total Fund Balances	1,889,198	1,356,274
Total Liabilities and Fund Balances	\$ 1,897,382	\$ 1,367,239

The accompanying notes constitute an integral part of this statement.

**MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

**RECONCILIATION OF THE GOVERNMENTAL FUND**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**DECEMBER 31, 2006**  
**(With Comparative Totals as of December 31, 2005)**

	<u>2006</u>	<u>2005</u>
<b>Fund Balances - Total Governmental Fund</b>	<b>\$ 1,889,198</b>	<b>\$ 1,356,274</b>
 Amounts reported for governmental activities in the statement of net assets are different because:		
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Governmental Capital Assets	193,852	178,116
Less: Accumulated Depreciation	<u>(42,264)</u>	<u>(10,253)</u>
	151,588	167,863
 Prepaid Insurance	 46,822	 14,541
 Long-Term Liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds:		
Compensated Absences Payable	<u>(2,619)</u>	<u>(959)</u>
<b>Net Assets, Governmental Activities</b>	<b>\$ 2,084,989</b>	<b>\$ 1,537,719</b>

The accompanying notes constitute an integral part of this statement.

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2006  
(With Comparative Totals For The Year Ended December 31, 2005)

	Governmental Fund	
	2006	2005
<b>Revenues:</b>		
Abatement Fees	\$ 1,103,299	\$ 837,680
Grants	3,680	916,520
Interest Income	33,899	2,900
Miscellaneous Income	225	-
Total Revenues	1,141,103	1,757,100
<b>Expenditures:</b>		
Public Health and Safety:		
Salaries, Fees Paid and Benefits:		
Salaries	202,915	84,069
Payroll Tax Expense	10,046	6,072
Group Insurance	16,477	-
Retirement Expense	9,680	-
Workman's Compensation	9,986	3,065
	249,104	93,206
Operating Services:		
Bank Charges	1,309	1,641
Contract Labor	112	557
Insurance	72,323	23,453
Janitorial	1,000	1,443
Materials and Supplies:		
Aerial Spraying	-	812,306
Chemicals	152,466	39,600
Lab Fees	1,270	2,107
Small Tools	296	-
Miscellaneous	2,054	3,743
Office Supplies	10,591	5,698
Postage	23,792	21,988
Printing	18,544	14,061
Professional and Accounting	15,090	4,541
Rent	1,331	1,129

(CONTINUED)

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2006  
(With Comparative Totals For The Year Ended December 31, 2005)

	Governmental Fund	
	2006	2005
Repairs and Maintenance	11,366	2,232
Telephone	5,205	3,442
Travel and Training	2,172	545
Uniforms	1,515	524
Utilities	7,318	675
Vehicles	15,585	5,145
	343,339	944,830
Capital Outlay	15,736	178,116
Total Expenditures	608,179	1,216,152
Excess of Revenues Over Expenditures	532,924	540,948
Fund Balance - Beginning of Year	1,356,274	815,326
Fund Balance - End of Year	\$ 1,889,198	\$ 1,356,274

The accompanying notes constitute an integral part of this statement.



**MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2006  
(With Comparative Totals For The Year Ended December 31, 2005)**

	<u>2006</u>	<u>2005</u>
<b>Net Change in Fund Balance, Governmental Fund</b>	<b>\$ 532,924</b>	<b>\$ 540,948</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
	(16,275)	167,863
<p>Expenditures reported in the governmental funds that required the use of current resources that are not reported in the statement of activities:</p>		
Change in prepaid insurance	32,281	14,541
<p>The liability and expense for compensated absences are not reported in governmental funds. Payments for compensated absences are reported as salaries when they occur, and only the payment consumes current financial resources. This is the net increase in compensated absences in the current year.</p>		
	(1,660)	(959)
<b>Change in Net Assets, Governmental Activities</b>	<b>\$ 547,270</b>	<b>\$ 722,393</b>

The accompanying notes constitute an integral part of this statement.

**MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Abatement Fees	\$ 775,000	\$ 970,000	\$ 1,103,299	\$ 133,299
Grants	-	-	3,680	3,680
Interest Income	2,500	15,000	33,899	18,899
Miscellaneous Income	-	3,700	225	(3,475)
Total Revenues	777,500	988,700	1,141,103	152,403
<b>Expenditures:</b>				
Public Health and Safety:				
Salaries, Fees Paid and Benefits:				
Salaries	265,000	206,000	202,915	3,085
Payroll Tax Expense	28,000	13,000	10,046	2,954
Group Insurance	25,200	18,000	16,477	1,523
Retirement Expense	-	11,000	9,680	1,320
Workman's Compensation	4,400	12,000	9,986	2,014
	322,600	260,000	249,104	10,896
Operating Services:				
Bank Charges	1,300	1,500	1,309	191
Contract Labor	-	-	112	(112)
Insurance	29,800	72,800	72,323	477
Janitorial	1,000	1,500	1,000	500
Materials and Supplies:				
Small Tools	-	1,000	296	704
Chemicals	200,000	150,000	152,466	(2,466)
Lab Fees	1,500	1,500	1,270	230
Miscellaneous	4,700	3,100	2,054	1,046
Office Supplies	5,200	11,400	10,591	809
Postage	14,500	27,000	23,792	3,208
Printing	12,000	20,000	18,544	1,456
Professional and Accounting	4,100	15,500	15,090	410
Rent	-	1,600	1,331	269
Repairs and Maintenance	13,000	20,000	11,366	8,634
Telephone	4,800	4,800	5,205	(405)
Travel and Training	3,500	3,000	2,172	828
Uniforms	2,000	2,000	1,515	485
Utilities	10,480	8,000	7,318	682
Vehicles	25,000	20,000	15,585	4,415
	332,880	364,700	343,339	21,361

(CONTINUED)

**MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND - (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Capital Outlay	<u>111,200</u>	<u>25,000</u>	<u>15,736</u>	<u>9,264</u>
Total Expenditures	<u>766,680</u>	<u>649,700</u>	<u>608,179</u>	<u>41,521</u>
Excess of Revenues Over Expenditures	10,820	339,000	532,924	193,924
Fund Balances - Beginning of Year	<u>1,356,274</u>	<u>1,356,274</u>	<u>1,356,274</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 1,367,094</u>	<u>\$ 1,695,274</u>	<u>\$ 1,889,198</u>	<u>\$ 193,924</u>

The accompanying notes constitute an integral part of this statement.

# **MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2006**

### **(1) Summary of Significant Accounting Policies -**

The Mosquito Abatement District of the Parish of Livingston (hereinafter referred to as "the District") was created by the Livingston Parish Council by Livingston Parish Ordinance 02-17 of the Livingston Parish Council on April 25, 2002, pursuant to the authority under Chapter 23 of Title 33 of the Louisiana Revised Statutes of 1950. The District is governed by a board of commissioner consisting of five members who are appointed by the Livingston Parish Council. The board has the authority to purchase, maintain, and operate machinery and equipment necessary or useful in the eradication, abatement, or control of mosquitoes and other arthropods of public health importance, and to maintain an adequate administrative staff. The Commissioners receive no compensation for serving on the District board.

On November 15, 2003, the voters of Livingston Parish approved an assessment of \$2.50 per month based on electric utility customers for the purpose of funding the operations of the District. The District bills once annually at \$30.00 per electric utility customer. The District did not begin actual operations until 2005.

#### **A. Financial Reporting Entity**

The Livingston Parish Council is the financial reporting entity for Livingston Parish, Louisiana. The Livingston Parish Council appoints a voting majority of the District's governing body and can impose its will on the District. Accordingly, the District has been determined to be a component unit of the Livingston Parish Council.

The accompanying financial statements present information only on the activities and funds maintained by the District and do not present information on the Livingston Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity for Livingston Parish, Louisiana.

The District has no entities or organizations that are required to be included in its financial report as defined by Governmental Accounting Standards Board (GASB) Statement 14.

#### **B. Basis of Presentation**

##### **Basic Financial Statements - Government-Wide Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. There were no activities of the District categorized as a business-type activity.

# **MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2006**

In the government-wide Statement of Net Assets, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (abatement fees, and interest income, etc).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

### **Basic Financial Statements - Fund Financial Statements**

The financial transactions of the District are reported in an individual fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. This fund is reported by generic classification within the financial statements.

The District uses the following fund type:

#### **Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. At December 31, 2006, it is the only fund of the District.

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006

### C. Basis of Accounting and Measurement Focus

#### **Basic Financial Statements - Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the District.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The District does not allocate indirect expenses.

#### **Basic Financial Statements - Governmental Funds**

The accounting and financial reporting treatment applied to a fund are determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fund financial statements report detailed information about the District. The District uses one General Fund to report on its financial position and the results of its operations.

The modified accrual basis of accounting is used by Governmental Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006

the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

### **Revenues**

**Abatement fees** are recorded in the year that the assessment is levied. The District is required to charge each utility meter customer \$2.50 per month which is assessed annually at \$30 per year. The collection of the fee is limited to only one meter located on the property of each homeowner or business and does not apply to certain exempt organizations.

**Interest income** represents amounts earned on bank accounts and certificates of deposit invested with financial institutions. Interest earned on bank accounts is recorded when received. Interest earned on certificates of deposit is recorded when the certificates mature and the interest is available.

**Other revenues** - Substantially all other revenues are recorded when received. Grants are recognized as revenues as soon as all eligibility and/or expenditure requirements imposed by the provider have been met.

### **Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

### **Other Financing Sources (Uses)**

Proceeds from the sale of fixed assets are accounted for as other financing sources and are recognized when received. Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). The District has no operating transfers, since it has only one fund.

### D. Capital Assets

Capital assets, which include vehicles and equipment, are reported in the applicable column in the government-wide financial statements. Capital assets acquired are capitalized at historical cost. Donated assets are recorded as capital assets at their fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006

All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5 to 7 years
Leasehold Improvements	7 years
Vehicles	5 years

### E. Budgetary Practices

The District prepares its budget on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The budget is legally adopted and amended, as necessary, by the board of commissioners. The annual budget was amended for the year 2006. A summary of the budget practices of the District are as follows:

- 1) The District's Director prepares the annual budget and submits the proposed budget to the Board of Commissioners no later than fifteen days prior to the beginning of the next fiscal year. The budget for the year 2006, was presented to the Board of Commissioners on December 12, 2005 and was amended on December 11, 2006.
- 2) A summary of the proposed budget is published in the official journal and the public is notified that the proposed budget is available for inspection at the Parish President/Council office in Livingston. At the time the proposed budget is published, a public hearing is also scheduled. In 2006, the proposed budget was not published to notify the public that the budget was available for inspection, however the District did issue a public notice for the amended budget.
- 3) A public hearing, at least 10 days subsequent to publishing the notice, is held on the proposed budget. In 2006, no public hearing was held with the adoption of the original 2006 budget, however a public hearing was held for the adoption of the 2006 amended budget.
- 4) After holding the public hearing and taking all action necessary to finalize and implement the budget for the ensuing fiscal year, the proposed budget is formally adopted by the Board of Commissioners.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.



# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Inventories

Inventories are valued at cost. The cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories at year end are equally offset by fund balance reserves. Inventory at December 31, 2006 was determined using the first-in first-out method.

H. Encumbrances

Encumbrance accounting is not used. However, formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

(2) **Cash, Deposits and Investments -**

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the State of Louisiana, of the United States. Further, the District may invest in time deposits or

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006

certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the District had cash and certificates of deposit totaling \$1,076,855 with a carrying amount of \$1,059,811 at December 31, 2006.

Cash and cash equivalents and investments are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank.

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet	\$ 445,561	\$614,250	\$1,059,811
Bank Balances (Category 3 Only):			
a. Uninsured and Uncollateralized	\$ -	\$ -	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entities Name	<u>419,605</u>	<u>557,250</u>	<u>976,855</u>
Total Category 3 Bank Balances	<u>\$ 419,605</u>	<u>\$557,250</u>	<u>\$ 976,855</u>
Total Bank Balances (Regardless of Category)	<u>\$ 462,605</u>	<u>\$614,250</u>	<u>\$1,076,855</u>

**Custodial Credit Risk - Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2006, \$976,855 of the District's bank balance of \$1,076,855 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institutions trust department or agent, but not in the entity's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006

**(3) Abatement Fees Receivable -**

The District is authorized to assess an abatement fee of \$2.50 per month on all utility meter customers which is assessed annually at \$30 per year. The collection of the fee is limited to only one meter located on the property of each homeowner or business. The receivable balance at December 31, 2006 was calculated as follows:

Utility meters assessed at December 31, 2006	42,160
	<u>x \$30</u>
Total Assessment	\$1,264,800
Less Allowance for Estimated Uncollectible	<u>(263,910)</u>
Total December 31, 2006 Billing Collectible	1,000,890
Less Collected Prior to December 31, 2006	<u>(178,496)</u>
Receivable at December 31, 2006	<u>\$ 822,394</u>
 Total 2006 Assessment Collectible	 \$1,000,890
Excess Collections over Prior Year Receivable	<u>102,409</u>
Abatement Fees at December 31, 2006	<u>\$1,103,299</u>

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006

### (4) Changes in General Fixed Assets -

Capital asset activity for the year ended December 31, 2006:

<u>Governmental Activities</u>	<u>Balance December 31, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2006</u>
Leasehold Improvements	\$ 7,250	\$ -	\$ -	\$ 7,250
Equipment	67,248	15,736	-	82,984
Vehicles	<u>103,618</u>	<u>      </u>	<u>-</u>	<u>103,618</u>
Totals	178,116	15,736	-	193,852
Less Accumulated Depreciation for:				
Leasehold Improvements	\$ 406	\$ 1,036	\$ -	\$1,442
Equipment	2,990	10,253	-	13,243
Vehicles	<u>6,857</u>	<u>20,722</u>	<u>-</u>	<u>27,579</u>
Total Accumulated Depreciation	<u>10,253</u>	<u>32,011</u>	<u>-</u>	<u>42,264</u>
Capital Assets, Net	<u>\$167,863</u>	<u>\$(16,275)</u>	<u>\$ -</u>	<u>\$151,588</u>

Depreciation expense of \$32,011 was charged to governmental activities for the year ended December 31, 2006.

### (5) Leases -

The District entered into a 36 month operating lease term for a copy machine commencing on April 24, 2005 that requires a monthly payment of \$98. Future minimum lease payments under this lease by year and in the aggregate are as follows:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2007	\$ 1,176
2008	<u>294</u>
	<u>\$ 1,470</u>

Rent expense was \$1,331 for the year ended December 31, 2006.

# **MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2006**

**(6) Risk Management/Litigation -**

The District is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District attempts to minimize risks from significant losses through the purchase of commercial insurance. At December 31, 2006, there is no litigation pending against the District.

**(7) Compensated Absences -**

All full time employees earn vacation and sick time leave at various rates depending on the years of service. Beginning with the second year of employment, all full time employees are required to use at least 40 hours of vacation each year or forfeit those hours accumulated. All accumulated vacation time is paid to employees upon voluntary termination of service; however, accumulated sick leave is forfeited upon termination. The liability for unused compensated absences at December 31, 2006 is \$2,619, and is reflected as Long-Term Liabilities Due Within One Year on the Statement of Net Assets and is not included on the Fund Financial Statement.

**(8) Pension Plan -**

During the year ended December 31, 2006, the District's Board of Commissioners approved participation in the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All of the District's participating employees are members of Plan A.

All permanent District employees (except those employed by Orleans, LaFourche, and East Baton Rouge Parishes) working at least 28 hours per week, who are paid wholly or in part from District funds, are eligible to participate in the System.

Under Plan A, employees who retire at or after age 65 with at least 7 years of creditable service, at or after age 60 with at least 10 years of creditable service, at or after age 55 with 25 or more years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average compensation (defined as the average of the highest consecutive 36 months of compensation) multiplied by his years of creditable service. The retirement benefit may not exceed the greater of 100% of a member's final salary (last 12 months) or his final average compensation. Members who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by statutory process.

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006

The System issues an annual, publicly available, financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

### **Member and Employer Contributions**

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered compensation. The District's contributions are actuarially determined every fiscal year according to statutory process. The District's contribution rate for the year 2006 was 12.75 percent of its eligible members' total annual payroll of \$76,021. Accordingly, the District's required contribution to the System under Plan A for its eligible employees for the year ended December 31, 2006 was \$9,680.

### **Taxing Bodies Contributions**

In addition to the contributions made by the members and their employers, each parish Sheriff and ex-officio tax collector in Louisiana remits one-fourth of one percent of the aggregate amount of tax shown to be collectible by the tax rolls of their parish (except Orleans and East Baton Rouge parishes). The contributions by the taxing bodies are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan for the previous fiscal year. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan.

### **(9) Per Diem Paid Board Members -**

Board Members are appointed by the Livingston Parish Council. There are no set terms of office. Board Members did not receive any compensation for their services during 2006.

	<u>2006</u>
Kenneth Sharp	\$ -
Ted Rockett	-
Scott Smith (Resigned July 2006)	-
Sandra Sibley	-
	<u>          </u>
	\$ -
	<u>          </u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF THE COMPONENT UNIT  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS



**Hannis T. Bourgeois, LLP**

**Certified Public Accountants**

Randy J. Bonnacaze, CPA\*  
Joseph D. Richard, Jr., CPA\*  
Ronnie E. Stamper, CPA\*  
Fernand P. Genre, CPA\*  
Stephen M. Huggins, CPA\*  
Monica L. Zumo, CPA\*  
Ronald L. Gagnet, CPA\*  
Douglas J. Nelson, CPA\*  
Celeste D. Viator, CPA\*  
Laura E. Monroe, CPA\*  
R. David Wascum, CPA\*

*\*A Professional Accounting Corporation*

1175 Del Este Avenue, Suite B  
Denham Springs, LA 70726  
Phone: (225) 665-8297  
Fax: (225) 667-3813

*Members American Institute of  
Certified Public Accountants*

2322 Tremont Drive  
Baton Rouge, LA 70809

[www.htbcpa.com](http://www.htbcpa.com)

June 6, 2007

**Board of Commissioners  
Mosquito Abatement District  
of the Parish of Livingston  
Livingston Parish Council  
Denham Springs, Louisiana**

We have audited the financial statements of the governmental activities and each major fund of the Mosquito Abatement District of the Parish of Livingston, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 6, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.



A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting identified as items 2006-1 through 2006-3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that of the significant deficiencies described above, we consider item 2006-1 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 2005-2.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information of management and the Louisiana Legislative Auditor, and is not intended to be and should not be used for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannu A. Bourgeois, LLP*

# **MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

### **CURRENT YEAR FINDINGS:**

#### **Internal Control Findings**

##### **2006-1 - Inventory**

In the current year it was noted that management failed to adjust the year end inventory account balance in the general ledger to the actual physical count. The adjustment that was necessary was \$36,300 and is considered material to the financial statements.

##### **Recommendation**

We recommend in the future that the inventory account be adjusted to the actual physical count at year end.

##### **Management's Response**

In the future the inventory account will be adjusted to the actual physical count at year end. We will institute a policy of keeping a chemical inventory sheet which is filled out at the end of each month. The District's bookkeeper will be instructed to make the necessary adjustments monthly.

##### **2006-2 - Employee Requests for Reimbursement**

In our review of cash disbursements, we noted two instances in which the director had submitted requests for reimbursement for business related expenses incurred and paid for with personal funds. We noted these reimbursement request forms were not signed by a board member thereby indicating approval. However, it was noted all checks require a board member to sign.

##### **Recommendation**

Requests for reimbursement for expenses incurred by the Director should be reviewed and approved by a board member as evidenced by the board member signing the reimbursement form. This procedure is just a good practice to avoid any potential questions or conflicts.

##### **Management's Response**

The need for this practice had not been previously called to my attention, but in the future all reimbursements to the director will be signed off on by a board member.

## **MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

#### **2006-3 - Failure to Obtain Employees' Signature on Time Cards**

In our review of payroll disbursements, we noted two instances in which the Director had made corrective changes to the employee's time report. The reasons for these corrections were not documented. We further noted that employees are not reviewing and agreeing to these corrections and are not signing their time cards in agreement of the calculated number of hours worked.

#### **Recommendation**

We recommend that each employee timecard be signed by the Director and employee prior to the release of the respective paycheck. Further, when changes are made to the employees' time records, we recommend that the director document the reasons for making changes and have employees initial any changes made.

#### **Management's Response**

At the regular Board meeting on May 24, 2007, a resolution was adopted that requires each employee to sign their time card prior to receiving their payroll. In the event that changes have been made to the time card, a sticker, indicating that changes have been made, will be placed on the time card and the employee will be required to place their signature over the sticker. A summary sheet of hours worked, holiday, sick and vacation hours has always been filled out for each employee. The information on this sheet is verified and initialed by the director, indicating that the correct information has been transferred from the time cards to the summary sheets. Approved leave (sick, vacation, or unpaid) slips are stapled to the individual summary sheets and placed in the employees' payroll files.

As of June 1, 2007 all records back to January 1, 2007, have been corrected and signed as per the above description.

# **MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

### **(1) Compliance Findings**

#### **2005-1 - Failure to Adopt a Budget (LSA - R.S. 39:1304)**

In the prior year, management of the District failed to comply with the provisions of LSA RS 39:1304 by failing to adopt a budget for the fiscal year ended December 31, 2004. LSA RS 39:1304 requires the District to prepare a comprehensive budget presenting a complete financial plan for the ensuing fiscal year. The failure of management to prepare a budget for the fiscal year ended December 31, 2004, resulted in the District's failure to comply with all other local budget statutes including public participation and inspection in the budgetary process.

#### **Recommendation**

We recommended that the management of the District familiarize themselves with all of the provisions of the Louisiana Local Governmental Budget Act to make sure all relevant statutes are followed in the future.

#### **Corrective Action Taken**

In the current year, it was noted that management adopted an original and amended budget, as required.

#### **2005-2 - Failure to Allow Public Participation with Budget Adoption and Amendment (LSA - R.S. 39:1306 et seq)**

In the prior year, the District failed to advertise to the public that the 2005 budget was available for public inspection and the District failed to hold a public hearing for the adopted budget and the amended budget. The local budget act has several provisions that must be followed with the adoption or amendment of a budget including public participation through notification in the newspaper and open meetings.

In the current year, it was noted that the District failed to advertise to the public that the 2006 original budget was available for public inspection and the District failed to hold a public hearing for the adopted budget. This was due to the fact that the District was not yet fully aware of the provisions of the budget laws since the 2005 audit report had not yet been issued.

# MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2006

### Recommendation

We recommended that management familiarize themselves with all of the provisions of the local government budget act required in LSA R.S. 39:1301 through R.S. 39:1314.

### Corrective Action Taken

It was noted that the District did comply with the local budget act for the 2006 amended budget once they were made aware of the budget law.

### 2005-3 - Failure to Comply with Louisiana Public Bid Laws (LSA - R.S. 38:2212 et seq)

Management made several purchases in the prior year without complying with all relevant provisions of the Louisiana Bid Laws. Management explained that some purchases made without bids were done as emergency purchases; however, we noted these emergency declarations did not comply with the statutory requirements per LSA R.S. 38:2212D which requires the District to advertise the emergency declaration in the official journal. We noted the District obtained quotes or requested proposals on certain purchases; however, the Louisiana Bid Laws outlines a process that management needs to follow on purchases greater than \$20,000 in that the District needed to advertise in the official journal to invite bids from any other interested vendors.

In 2005, the District made the following purchases where the Louisiana Bid Laws were not completely followed:

Aerial Spraying Services	\$ 812,306
Chemical Supply Purchases	83,600
Vehicle Purchases	103,618
Spray Equipment for Vehicles	53,245

### Recommendation

We recommended for the District to familiarize themselves with the provisions of the Louisiana Public Bid Laws and implement procedures to follow all of the requirements of the statutes.

### Corrective Action Taken

No such bid law violations were noted in the current year.

## **MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

#### **(2) Internal Control Findings**

##### **2005-4 - Reconciliation of Assessment Receipts Subsidiary Electronic Spreadsheet File to Bank Deposits**

In the prior year, we noted an electronic spreadsheet file was used to track all the assessments mailed. Cash receipts of the assessments were manually posted to this spreadsheet file when collected. There was no reconciliation of these receipts posted to this spreadsheet file and the deposits made at the bank. Also, we noted that postings of the cash receipts is a very cumbersome process that is prone to errors due to the volume of assessments and collections.

##### **Recommendation**

We recommended that a formal reconciliation form be developed whereby each day's postings of cash receipts to the electronic spreadsheet are reconciled to the daily deposit slip. Also, we recommended the District consider purchasing some type of software where payments could be posted to the database of individuals assessed and daily cash receipts reports generated. This would lead to a more accurate and efficient process.

##### **Corrective Action Taken / Additional Recommendation**

In the current year, we noted that the District hired a programmer who developed and put into operation a database for tracking assessments and the subsequent collection of those assessments. However, we noted a hard copy printout of the total assessment receivable at year end could not be produced for purposes of our audit. We recommend the programmer develop a customized report listing all assessments receivable at year end. This subsidiary ledger report should be printed and maintained for purposes of the audit.

##### **Management's Response**

The District did contract with a programmer to develop a database so that accounts could be tracked. For any individual account it is possible to determine for which years there are charges still not paid. It is also possible to determine the total dollar value still owed to the District as an aggregate amount. Further we can provide lists of all persons owing for all three assessments, those who owe for only two or one assessment(s). It is not possible to determine from this information (from the total of those owing \$60 dollars for 2 years), which two of the three assessments are still owing.

## **MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

We can determine a very close approximation of the amount still owing from the 2004 Assessment by taking the amount owing just prior to adding the 2005 Assessment and subtracting the total amount of collections which have been applied to the 2004 Assessment since that time. Similarly we can make a close approximation of the amount still owing for the 2005 Assessment.

The District is currently working with a new programmer to make the database more user friendly and to permit in-house personnel to run all necessary reports themselves. The practice of having to describe to an outside individual what information is needed in the report and then waiting for that individual to run the report for us has created significant problems.

Currently the District runs daily balance sheets showing the amount of payments credited to accounts on any given date. These are then balanced against the actual amount of money deposited in the bank for that same date.

A method needs to be developed to account for the accounts which are simply deleted from the records as well as those that are inactivated. We are still receiving information from account holders that indicate they are being billed for two Assessments each year, when in fact they should only be responsible for one. When mail is returned by the post office as "undeliverable" (the 2nd time) for some reason, we inactivate the account but do not delete it from the database. It doesn't seem cost effective to continue sending statements at a cost of \$0.50 per unit, when we have evidence that they are going to be returned.

#### **2005-5 - Blank Checks Signed and in Advance of Issuance**

We noted that checks require dual signatures by authorized check signors. However, it was also noted that a number of unissued blank checks had been presigned by one of the authorized check signers and were being kept in the checkbook ready for the Director's use. This procedure greatly reduces the internal controls over cash disbursements and the approval process and can lead to unauthorized disbursements.

#### **Recommendation**

We recommended the District immediately discontinue this practice of pre-signing checks. The District may want to consider dual signatures being required on any disbursement over a set dollar amount if the practice of requiring dual signatures on all disbursements interferes with the day to day activities of the District.

#### **Corrective Action Taken**

Per discussions with management, the practice of pre-signing checks has been discontinued.

## **MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

#### **2005-6 - Sick Leave and Vacation Earned Balance Errors**

In the prior year testing of accumulated leave balances, we noted one instance whereby the leave hours and type of leave was not being correctly deducted from the accumulated leave balance type report in accordance with the approved leave request form. In this instance, fifteen hours of sick leave was approved on the timesheet but the leave was allocated on the accumulated leave report at 7.5 hours deducted from sick leave and 7.5 hours deducted from vacation.

In the current year's audit of accumulated leave balances, we noted three instances in which the leave time was not being correctly deducted from the accumulated leave balance report. In two of these three instances, the employees' accumulated leave balance had not been reduced for any of the leave taken and in the third instance, the accumulated leave balance had been reduced by the incorrect number of leave hours. We further noted one instance in which the leave slip reviewed showed no evidence of approval by the director. However, the effect of any necessary adjustments appears to be immaterial to the financial statements.

#### **Recommendation**

We again recommend that a monthly review of timesheets to the deduction of leave time per the accumulated leave report be conducted by a supervisor to determine the approved leave was properly deducted from the correct leave category.

#### **Management's Response**

As of December 2006 the person handling this particular item has been replaced in the organization. The new person is making accurate entries in all areas for which she is responsible. The Director will check all vacation/sick entries which have been made since the beginning of 2007, and on a monthly basis thereafter. Corrections have been made to the accrued accounts of the individual(s) which were not correctly done in 2006.

#### **2005-7 - Collection of Abatement Assessments**

As indicated in Financial Statement Note 3, the District assesses \$30 per year to all utility meter customers which is limited to one meter located on the property of each homeowner or business. The District had an estimated uncollectible assessment of \$557,950 and \$464,747 for December 31, 2005 and 2004, respectively. This calculated to approximately 18,600 and 15,500 assessed billings unpaid for December 31, 2005 and 2004, respectively. According to this analysis, it appeared that many citizens assessed had not paid the assessment and were receiving services without having paid for the cost of the services. We were unaware of any cost effective recourse against the delinquencies.



# **MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

In the current year, we noted that the District has an estimated uncollectible assessment of \$263,910 for December 31, 2006. This calculates to approximately 8,800 assessed billings unpaid for December 31, 2006. It appears that the District continues to have challenges in collecting the assessment from the citizens. However, it is noted that these estimated uncollectible amounts have decreased significantly in the current year due to positive efforts made by the District in tracking those uncollected amounts, sending out delinquency notices, etc.

### **Recommendation**

We recommended for the District to consult with legal council to develop a cost effective recourse against delinquencies. We also recommended for the District to possibly pursue an agreement with the utility companies to assist with collecting the assessment. If a higher percentage of the assessment does not appear collectible, we recommended for the District to research other means of financing operations that would provide the necessary revenue to provide the services with the ability to have recourse on delinquent assessments. We continue to recommend that the District research other means of financing operations that would provide the necessary revenue to provide services and the ability to have recourse on delinquent assessments.

### **Corrective Action Taken**

As noted above, the District has made positive efforts in tracking uncollected amounts including sending out delinquency notices to citizens with past due amounts. We recommend management continue to follow upon these past due accounts.

### **Managements Response**

In 2006, in addition to the original notification of 2005 Assessment which was sent December 27, 2005, a reminder statement was sent to any one with an outstanding balance on March 27, 2006. In October a "Final Notice of Delinquency" was sent to everyone with an outstanding balance. It included the message that without further notice, the District would pursue collection by whatever legal means they could.

Notification of the 2006 Assessment was mailed on December 6, 2006. Reminder statements were sent to all accounts with outstanding balances on March 7, 2007. No specific date has been scheduled to send out a "delinquent letter".

There are currently approximately 7,000 accounts with an outstanding balance of \$90 each. From that list approximately 200 names have been selected to turn over to the attorney to file law suits. They have been selected from all over the parish. As soon as we have been able to verify that all of them are homeowners, we will turn the list over to the attorney. This should be accomplished before the end of June 2007.

**MOSQUITO ABATEMENT DISTRICT OF THE PARISH OF LIVINGSTON**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

The Board has chosen not to attempt to talk to the electric companies again regarding having them collect the Assessment. The initial contacts with the companies gave the Board to understand that they were totally unwilling to do this.

The original Assessment Proposition was voted in for a period of 10 years, 2004 – 2013. The Board feels that they should not go back to the public to ask for passage of a different proposition until a few more years have passed. Consequently, there are no plans to ask for an alternative means of funding in the near future.